REMARKS/ARGUMENTS

Applicant appreciates the Examiner's continued thorough search with respect to the present patent application.

The abstract of the disclosure stands objected to because of its length. Accordingly, the abstract has been amended and a marked-up copy of the abstract of the disclosure showing the amendments is submitted. Reconsideration is respectfully requested.

At paragraph 3 of the Office Action, the Examiner states that the applicant's arguments filed December 29, 2003 with respect to a lack of teaching in the prior art with respect to direct material are not persuasive. More particularly, the Examiner states "applicant provides no special definition of 'direct material' in the specification or claims."

In response, the Examiner's attention is respectfully directed to the attached excerpt from the Merriam-Webster's Third New International Dictionary, copyright 1993, in which the term, "direct material" is defined only as "material used in manufacturing processes which becomes an integral part of the product and the cost of which is identifiable and chargeable directly to it." Applicant respectfully submits that the ordinary dictionary definition is consistent with the term as used in applicant's specification.

Moreover, Merriam-Webster's Third New International Dictionary directs the reader to compare the definition with "indirect material." Applicant further submits herewith the definition of "indirect material" as provided in Merriam-Webster's Third New International Dictionary. As recited therein, the term, "indirect material" is defined as "material (as tools, cleaning supplies, lubricating oil) used in manufacturing processes which does not become an integral part of the product and the cost of which is not identifiable with or directly chargeable to it."

Applicant respectfully disagrees with the Examiner's stated position in the Office Action that "'direct material' could be any material ordered directly from a supplier." Applicant respectfully disagrees with the Examiner's statement that "the term 'direct' is relative in that an order is placed directly (e.g., without an intermediary) from customer to supplier."

In addition to the plain, ordinary dictionary definition provided herein, applicant respectfully directs the Examiner's attention to a series of articles located on the Internet that also support the definition of "direct material" to be "material used in manufacturing processes which

becomes an integral part of the product and the cost of which is identifiable and chargeable directly to it." Applicant respectfully submits that one skilled in the art would understand the meaning of the term, "direct material" to be consistent with the ordinary dictionary definition. For example, as described and shown in Internetweek.com's *Streamlining Direct Procurement*, Industry Week's *The Value Chain*, Manugistics.com's *Procurement Execution*, SupplyChainBrain.com's *Buy: Moving from Indirect to Direct Procurement*, Looksmart.com's *Direct Material Procurement (Industry Trend or Event)*, Defense Procurement and Acquisition Policy's *Analyzing Direct Material Costs*, and Procurecon's *Supplier Relationship Management Strategic Summit Agenda*, the term, "direct material" is used consistently with the ordinary dictionary definition.

In view of the ordinary dictionary definition of "direct material" as well as usage of the term, "direct material" in articles and documents posted on the Internet and provided for one skilled in the art, reconsideration is respectfully requested.

Claims 1, 5-7, 12-18, 21-28, 70, 74-76, 81-87 and 90-97 stand rejected under 35 U.S.C. §103(a) as being unpatentable over Bellini et al. (U.S. Patent No. 5,974,395). Applicant respectfully traverses this rejection.

Independent claims 1 and 70, as previously presented, provide for processing customer forecasted demands for procurement of direct material that include a supply chain server that receives the forecasted demands, analyzes the forecasted demands and sends the forecasted demands to at least one supplier when the forecasted demands are determined to be valid. As used in the field, the term "direct material" refers, generally, to material that is directly used in the production of products. Applicant's independent claims 1 and 70 are directed to procurement of direct material, for example, for high volume production (see, for example, pages 1, line 22 - page 2, line 2 of applicant's written specification). Indirect material, as used in the field, refers, generally, to materials that are not directly applied to manufactured goods. In a typical supply chain network, office supplies (e.g., pencils, stationery, computer supplies, or the like) are examples of indirect materials.

Bellini, in contrast, provides for enterprise planning across a supply chain, including a data specification format and an external communication interface for transactional execution system layers. In the Office Action and with respect to independent claims 70 and 1, the

Examiner states that Bellini does not expressly teach that its supply chain server is an entity independent of the customer and the supplier, such as the claimed "supply chain server." The Examiner further states that Bellini does not explicitly disclose that customer forecasted demands are analyzed to determine at least one of compliance with contractual terms, completeness, accuracy, adherence to previous forecasts, adherence to previous buying patterns, and requests within agreed-to-capacities. However, the Examiner takes "Official Notice" that it is old and well-known in the art of procurement to assign an independent gatekeeper to approve requests for supplies from a customer. The Examiner states, as an example, that it is common for an employee to place a request for a supply through an independent office manager (such as a contractor). The Examiner says that the office manager determines whether or not the request meets office guidelines, and that this practice provides checks and balances for procurement to prevent excessive, unnecessary, and potentially unaffordable ordering of products. The Examiner concludes that, since Bellini is directed toward facilitating efficient operations throughout a supply chain, it would have been obvious to one of ordinary skill in the art at the time of applicant's invention to modify Bellini's invention to incorporate a "supply chain server" that is an entity independent of the customer and supplier and to incorporate the ability to analyze customer forecasted demands in order to provide checks and balances for procurement in order to prevent excessive, unnecessary, and potentially unaffordable ordering of products. Applicant respectfully disagrees.

Applicant respectfully submits that, at best, the Examiner's taking of Official Notice with respect to an independent gatekeeper, such as an office manager (or a contractor), regards procurement of indirect material, unlike the direct material of applicant's claims 70 and 1. Applicant submits that, typically, a purchase order ("PO") for indirect material is submitted by a department in a company. The contents of the PO are analyzed by the office manager to ensure compliance with, for example, a checklist of requirements. Although the office manager may monitor procurement of indirect material, applicant respectfully submits that procurement of direct material, including material that is directly applied to manufactured goods, does not fall within the purview of procurement responsibilities of the office manager.

In the prior art, large original equipment manufacturers ("OEMs") use subcontractors, and smaller OEMs use distributors, to help manage their supply chains for direct material acquisition.

The supply chain server defined in claims 1 and 70 solves problems associated with prior art supply chains by electronically analyzing customer forecasted demands for direct material to determine whether they are valid, and by sending the forecasted demands to at least one supplier when the forecasted demands are determined to be valid. There is no reason to believe that the office manager (or contractor) to which the Examiner refers would have the data or logistics to receive, analyze and forward customer forecasted demands for direct material procurement in a supply chain, as defined in independent claims 1 and 70. Unlike the supply chain server of claims 1 and 70, the office manager's reaction cycle time cannot meet the demands of a large scale supply chain.

Accordingly, applicant respectfully submits that the Examiner's Official Notice does not supply the missing elements of applicant's claims 70 and 1 that are not taught or suggested by Bellini. Therefore, applicant respectfully submits that claims 70 and 1 are not rendered obvious over the combination of Bellini and the Examiner's Official Notice.

Dependent claims 5-7, 12-18, and 21-28 depend directly or indirectly from independent claim 1 and, therefore, are patentable for the same reasons, as well as because of the combination of features set forth in those claims with the features set forth in the claim(s) from which they depend. Further, claims 74-76, 81-87 and 90-97 depend directly or indirectly from independent claim 70, and are, therefore, patentable for the same reasons. Reconsideration is respectfully requested.

Claims 2-4, 8-11, 19-20, 71-73, 77-80 and 88-89 stand rejected under 35 U.S.C. §103(a) as being unpatentable over Bellini, as applied to claim 1 and 70 above, in view of Landvater (World Class Production and Inventory Management). Applicant respectfully traverses this rejection.

Landvater is cited for teaching the importance of optimizing demand management in order to stabilize the overall operation for the supply chain. More particularly, the Examiner states Landvater extrapolates forecasted demands based on expected demand, historical data and information supplied by the customer.

Applicant respectfully submits that the combination of Bellini and Landvater does not cure the deficiencies in the ground for rejection noted above with respect to claims 1 and 70. More particularly, the combination of Landvater and Bellini does not teach or suggest a method

for electronically receiving customer forecasted demands for procurement of direct material by a supply chain server, electronically analyzing (by the supply chain server) the customer forecasted demands to determine whether the customer forecasted demands are valid, and electronically sending (by the supply chain server) the customer forecasted demands to at least one supplier when the customer forecasted demands are determined to be valid. Further, and with respect to the Examiner's Official Notice taken in view of claims 1, 5-7, 12-18, 21-28, 70, 74-76, 81-87 and 90-97, applicant respectfully submits that the combination of Bellini and Landvater does not teach or suggest, either alone or in combination, the claimed features taught by applicant's claims 1 and 70. Therefore, reconsideration with respect to claims 2-4, 8-11, 19-20, 71-73, 77-80 and 88-89 is respectfully requested. Claims 2-4, 8-11, 19-20, 71-73, 77-80 and 88-89 depend either directly or indirectly from claims 1 or claim 70, respectively, and are, therefore, patentable for the same reasons, as well as because of the features set forth in those claims with the combination of features set forth in the claims from which they depend.

For the reasons set forth above, claims 1-28 and claims 70-97 are believed to be in condition for allowance, which action is earnestly solicited.

I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as First Class Mail in an envelope addressed to: Mail Stop AF, Commissioner for Patents, P.O. Box 1450, Alexandria, Virginia 22313-1450, on July 23, 2004:

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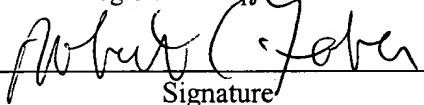
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Respectfully submitted,

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